

1 Q. **Reference: Schedule 1, Appendix C, Page C-1**

- 2 a) Are all members of the Major Projects Organization shown in Figure B-1 full-time
3 employees of Hydro?
- 4 b) Will this Organization do any work other than managing the Bay d’Espoir Unit 8 and
5 Avalon CT projects?
- 6 c) What is the total estimated cost of project management and oversight included in the
7 cost estimate for the Avalon CT?
- 8
- 9

10 A. a) The Major Projects Department, shown in Figure B-1 of Schedule 5, Attachment 1 to the
11 2025 Build Application, is not a separate organization.

12 As discussed in the above-noted attachment, due to the size and complexity of certain
13 projects Newfoundland and Labrador Hydro (“Hydro”) planned to undertake (“Major
14 Projects”), Hydro determined that it required additional capacity and resources to manage
15 the execution of these major projects in addition to managing the ongoing operations and
16 maintenance of existing Hydro assets. Therefore, a dedicated Major Projects Department
17 within Hydro was created, consisting of both Hydro employees and contractors with specific
18 skill sets needed for projects of this nature.

- 19 b) The Major Projects Department is responsible for planning and execution of all of Hydro’s
20 Major Projects,¹ including the Avalon Combustion Turbine (“Avalon CT”) and Bay d’Espoir
21 Unit 8, as well as the recently completed Bay d’Espoir Penstock 1 Life Extension and
22 approved Bay d’Espoir Unit 7 Life Extension project. The department will also be responsible
23 for any future Major Projects, including the planned Life Extensions of Penstocks 2 and 3. An

¹ The term ‘Major Project’ is generally used to describe regulated projects and programs with an anticipated cost of \$50 million or greater under the accountability of Hydro’s Major Projects Department.

1 application for the latter project is currently before the Board of Commissioners of Public
2 Utilities.²

3 c) The total estimated cost of Hydro's project management and oversight in the 2025 Build
4 Application for the Avalon CT project is approximately [REDACTED]

5 This portion of the 2025 Build Application estimate includes all Hydro project management
6 and oversight costs required to support the project through its full lifecycle, including
7 employment income and associated burdens for members of Hydro's Major Projects
8 Department and throughout Hydro.

9 These costs reflect the resources required for project management, owners' engineering
10 support and coordination for technical integrity and design assurance, quality oversight,
11 construction planning/site support, procurement and commercial management, corporate
12 service interfaces, and commissioning support. The corporate service interfaces include
13 support from safety, stakeholder relations, environmental, and other internal corporate
14 functions required to ensure the project is planned, executed, commissioned, and
15 transitioned into operation in a prudent and controlled manner.

16 This, along with the engineering, procurement and construction management services
17 portion of the estimate, represents 18% of the front-end engineering design estimate, and is
18 aligned with industry benchmarks.³

² "Section Replacement and Weld Refurbishment – Bay d'Espoir Penstock 3," Newfoundland and Labrador Hydro, March 12, 2026.

³ "A Study of Project Owner's Costs in the Canadian Hydropower Industry (Technical Paper EST-4488)," AACE International, 2025. This study involved five Canadian utilities and covered a variety of project types. While the Avalon CT project is not a hydro project, using a benchmark related to Canadian experience is more indicative of local expectations.